

Washington, D.C. - Seeking to help small business owners provide more flexible retirement plans for their employees, Congresswoman Melissa Bean (IL-08) held a subcommittee hearing Wednesday to address inequities between large and small employer retirement plan options.

“Retirement savings should be encouraged for employees of all organizations, no matter the size,” said Bean, Chairwoman of the Small Business Committee’s Subcommittee on Tax and Finance. “But many of the retirement plan options available to employees of large companies just aren’t available for employees of smaller firms.”

Employer-provided retirement plans are a key source of retirement funds for many Americans. In firms of 100 employees or more, 63 percent of employees participate in their company’s retirement plan. But in companies with fewer than 25 employees, only 23 percent of employees are participating in a retirement plan.

Wednesday’s hearing was the Subcommittee’s first to address unequal access to tax-deferred pension monies for employees of small organizations. For instance, many plans available to small business owners and their employees do not allow participants to borrow from their retirement accounts for certain purposes, such as first time home purchases, college tuition, or medical emergencies. Participants in large-employer 401(k) plans have those options.

“We’re here to identify ways to allow employees of small organizations equal access to their own pension savings,” Bean said.

Among those testifying Wednesday were Catherine Collinson, Senior Vice President at Transamerica Retirement Services; Jim McCarthy, Managing Director of Retirement Services at Morgan Stanley; Sal Tripodi of TRI Pension Services, on behalf of The American Society of Pension Professionals & Actuaries; and Paula Calimafde, Chair of the Small Business Council of America.

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